

# The Commonwealth Grows

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Winter 2006



## 2006 Legislative Session Begins

**W**elcome to 2006! I hope you are as excited as I am about the New Year along with the challenges and opportunities this year may bring.

The General Assembly has gathered in Frankfort for the 2006 session. On their "To Do List" is the next budget, eminent domain, tax issues, health care, and many other issues that will affect farmers across Kentucky. It is important that farmers, not only our agricultural leaders, pay attention to and involve themselves during this session.



Many times I have heard the statement, "The world is run by the people who show up." Farmers and the agriculture community proved this last year, as the 2004 Phase II payment became one of the top issues during the 2005 session. The direct effect of missing checks from the farmer's pockets brought an involvement by producers into the legislative process that has been unseen in Frankfort for many years. The issues listed above are just as important to farmers as the Phase II payment, but not as immediate. Therefore, the future of your farming operation, the future of your bottom-line, and most important the future for your family can be connected with what happens in Frankfort over the next few months. Please make time to contact your local legislators and the Governor to get involved with these very important issues.

As you follow the actions in Frankfort and communicate with your elected officials, do not forget to say thank you for what they have accomplished and how they have supported agriculture. Let us never forget that the Agricultural Development Fund is a one-of-a-kind investment. No other state has established such an investment tool with their tobacco settlement money.

Kentucky agriculture has the tools and leadership needed to make 2006 an outstanding year. I look forward to the challenges and opportunities before us; together we can make 2006 the best year yet. From the staff of the Governor's Office of Agricultural Policy we wish for you a great and profitable New Year.

Keith L. Rogers  
Executive Director / CEO

**You're  
Invited !**

**2006 KADF  
Annual  
Meeting**

February 10  
**Louisville Marriot  
East**

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## Competitive Awards Programs

**agri•tour•ism** *n.* -any economic activity that occurs on a farm for the enjoyment or education of the public to promote agricultural products, services, or experiences, which generate additional farm income

**farm•ers' mar•ket** *n.* - a market where more than one farmer gathers to sell Kentucky agricultural products they have grown or raised with an established membership and formalized market location

**D**uring the November Planning Session, the Agricultural Development Board approved another year of funding for the Competitive Awards Programs.

The first one is the 2006 Farmers' Market Competitive Awards Program, which was designed for regional and community farmers' markets across the state. The most notable changes to this program involve the funding and how it is appropriated.

Program funds for 2006 are divided into the following investment areas: 25% allocated for Regional Farmers' Markets and 65% allocated for Community Farmers' Markets for capital expenditures, as well as 10% allocated for feasibility/business planning for both regional and community markets.

The deadline for Round 1 of this competitive awards program is April 1, 2006, and the deadline for Round 2 is September 1, 2006. Eligible applicants are any regional or community farmers' markets fitting the respective definitions specified in the guidelines.

The second Competitive Awards Program is the 2006 Agri-tourism program. This program was designed to assist producers as they venture into Kentucky's emerging agri-tourism industry.

The most significant changes concern tobacco dependency. An applicant will be awarded up to ten points for tobacco dependency documented by a Phase II check or an executed copy of a buyout contract. Agri-tourism business applicants that are awarded funds will be required to obtain forgiveness for their forgivable loan, based on purchases from documented tobacco dependent producers of product either grown in Kentucky or value-added from Kentucky grown product.

For this competitive awards program, the Board set aside one million dollars (\$500,000 in each of two rounds awarded) in state funds for the development of agri-tourism businesses and for the promotion of agri-tourism by regional agri-tourism organizations. The deadline for Round 1 of the competitive awards program is February 1,

2006, and the deadline for Round 2 is August 1, 2006. Eligible applicants are producers engaging in an on-farm agri-tourism business, or any regional agri-tourism organization engaging in marketing and promotion for agri-tourism businesses in multiple counties. Additionally, the applicant shall not have received Agri-tourism Award funds through the 2005 Agri-tourism Awards Program.

For more information on the 2006 Farmers' Market Competitive Awards Program, 2006 Agri-tourism Competitive Awards Program, or changes in guidelines for these programs, contact the Governor's Office of Agriculture Policy at (502) 564-4627 or visit our website at <http://agpolicy.ky.gov/>.



## Guiding Principles for Board Action *(Rev. 11/2005)*

The Board is committed to the goals and priorities of *Kentucky's Long-term Plan for Agricultural Development*. Projects and programs that advance these goals and priorities will be its top priority. The Board proposes the following statements for the purpose of precipitating discussion of ways the Board can accomplish its goal of expanding the economic base of agriculture in Kentucky.

Kentucky should follow the following investment philosophy:

*The Kentucky Agricultural Development Board will invest monies from the Kentucky Agricultural Development Fund in innovative proposals that increase net farm income and effect tobacco farmers, tobacco-impacted communities, and agriculture across the state through stimulating markets for Kentucky agricultural products, finding new ways to add value to Kentucky agricultural products, and exploring new opportunities for Kentucky farms and farm products.*

- The Board must view its options and actions over the long run and cannot solve all the problems or take advantage of all opportunities.
- The Board should invest in programs on a pilot basis to prove or disprove the advisability of promoting a particular program statewide.
- The Board should focus on facilitating success in areas with the potential to reach the most farmers.
- Pilot programs should be large enough to be commercially viable. The emphasis must be on doing what we do well and be limited to a certain geographical area of the state, until they are proven viable, and then expanded to all the state as funds become available.
- The Board believes that clusters of a particular type of activity, large enough to be economically viable and support the infrastructure necessary for the success of the program, offer the best opportunity to develop new or better self-sustaining agricultural activity.
- The Board believes that farmer-owned agri-businesses may be an important vehicle to promote and sustain new and/or improved farm activity.
- The Board will consider proposals submitted by individuals that have high potential for growth and potential to include other farmers in the future.
- An emphasis for county programs should be the support of on-farm investment in Board program areas.
- The object of the Board is to develop self-sustaining programs; therefore, the Board will not support long-term subsidy of production.
- The Board prefers capital investments. However, it believes that processing, storing and marketing new products is the area where the farmer needs a substantial amount of help on a start-up basis, but business plans must provide for the eventual elimination of assistance in these areas.
- The Board will consider proposals to enhance existing farm enterprises, the production of new farm products, development of new markets, expansion of existing markets, and any other areas identified by a member or members of the Board as having potential for growth.
- The Board should define as a priority the development of agriculture businesses and agricultural entrepreneurship, including continuing support of the Kentucky Center for Agriculture and Rural Economic Development.
- The Board should define as a priority the development of agriculture businesses and agricultural entrepreneurship, including support of agriculture entrepreneurship programs as stipulated in KRS 248.717.
- The Board will seek programs to enhance the viability of young farmers and part-time farmers in agriculture.

## DEADLINES

Are you planning to submit an application or amendment to the Agricultural Development Board? If so here are a few deadlines to keep in mind.



### Model Program Applications

The first Friday of each month is the deadline for model program applications. If your model program is received in our office by the first Friday of the month then it will go before the Board at that month's meeting.

### Non-Model Applications

The second Friday of each month is the deadline for all non-model project applications. If your application is received in our office by the second Friday of the month it will be referred at the Board meeting that month for consideration at the meeting the following month.

### Model and Non-model Amendments

The first Friday of each month is the deadline for all model and non-model project amendments. If your amendment is received in our office by the first Friday of the month then it will go before the Board at that month's meeting.



## Model Program Corner

### Revisions for 2006

At their December meeting, the Agricultural Development Board approved revisions to the 13 model cost-share programs for 2006.

Most programs had only minor revisions to the general guidelines and guidelines for labor reimbursement.

The most significant revisions occurred in the *Cattle Genetics Improvement Program*. After receiving recommendations from UK Extension and cattle industry leaders, the Board approved a change in how producers will choose their bull/lease/semen to be eligible for cost-share reimbursement.

Instead of finding any bull that will fit the EPDs to receive cost-share, a producer will be required to select 2 of 6 types of bulls that meet the herd's needs at the time of application. The bull purchased by the producer must then meet the EPDs for one of the two pre-selected types.



The purpose of this revision is to get producers to start thinking about what kind of traits their herd needs, not what bull will qualify

for cost-share, regardless of its traits related to the herd.

The *Goat Diversification* program has been expanded to include sheep and wool. Sheep producers can now receive cost-share on equipment to help them add value to the wool they produce to help increase profitability.

In addition to sheep and wool, several pieces of equipment were added to provide goat and sheep producers the ability to manage herd health by monitoring potential parasites.



"On-farm Drainage Enhancement" has been added to the *Forage Improvement and Utilization* program as a new investment area.

A new investment area in *Cattle Handling Facilities* will provide the opportunity for producers to install permanent or temporary shade for pastures that may not have natural shade available to the herd.

Other eligible cost-share items and guideline changes to all programs can be found at <http://agpolicy.ky.gov/>.



## Reporting

In addition to revisions to eligible cost-share items, the Board approved a revision in reporting for 2006 programs.

Program administrators will now be allowed to submit fiscal reports on program expenditures twice: once at the mid-term of the agreement and once on the anniversary date of the agreement.

The required information is the same, but fiscal and economic information from the "Producer Report" will be submitted on the same report. Thus, the number of reports administrators will have to submit has been reduced significantly.

Programs approved before January 2006, however, are still on the quarterly reporting system.

**Reminder:** Each producer must and submit the "Producer Report" before they receive cost-share funds.

This report was developed to assist administrators in obtaining necessary fiscal information, as well as information that will be used to assess the benefits of each program to Kentucky agriculture.

This report should be used by the administrator to fill out reports and then kept on-file consistent with the recordkeeping requirements of their legal agreement.

The "Producer Report" for each program is available online (<http://agpolicy.ky.gov/>) along with the reporting forms for each program.

If you have questions about any of the guideline revisions, reporting, or other model program issues, then please feel free to call your area project analyst or a compliance specialists at 502-564-4627.

## ***Close-out Reports for Model Programs funded before November 2004\* are now due.***

*If you have questions about reporting requirements for model or non-model projects contact the Governor's Office of Agricultural Policy at (502) 564-4627 or via email at [govkyagpolicy@ky.gov](mailto:govkyagpolicy@ky.gov)*

\*Except Hay, Straw, & Commodity Storage, which has an 18-month term

### Model Program Totals

2001-2005

#### **Agricultural Diversification**

Est. September 2001

\$10,992,225 / 92 Counties

#### **Cattle Genetics**

Est. February 2001

\$11,849,053 / 105 Counties

#### **Cattle Handling**

Est. June 2001

\$17,972,591 / 102 Counties

#### **Dairy Diversification**

Est. January 2005

\$990,801 / 22 Counties

#### **Fencing Improvement**

Est. March 2003

\$8,537,094 / 65 Counties

#### **Forage Improvement**

Est. March 2001

\$20,092,256 / 101 Counties

#### **Goat Diversification**

Est. August 2001

\$3,587,121 / 91 Counties

#### **Hay, Straw & Commodity**

Est. November 2002

\$15,938,938 / 92 Counties

#### **On-Farm Water**

Est. March 2003

\$1,224,649 / 19 Counties

#### **Shared-Use**

Est. January 2005

\$638,492 / 33 Counties

#### **Swine**

Est. January 2005

\$57,015 / 5 Counties

#### **Technology Program**

Est. January 2005

\$515,524 / 16 Counties

#### **Timber**

Est. January 2005

\$199,055 / 5 Counties

## Kentucky Agricultural Finance Corporation Update

### *First KAFC Loan Expands Dairy Operation*

**M**r. Hascel (Don) Kinslow of Smiths Grove, KY was approved for a \$100,000 loan from the Kentucky Agriculture Finance Corporation in participation with PBI Bank of Glasgow, KY. Mr. Kinslow has experience in owning and operating a successful dairy in Barren County. He met the qualifications of tobacco dependence and other requirement as outlined in the *Agricultural Infrastructure Loan Program*. This program will allow Mr. Kinslow to building a 96' x 312' metal free-stall barn to expand his dairy operation.

When asked how KAFC has helped Mr. Kinslow responded, "This program will allow me to build a barn where my cows will stay twenty four hours a day so that mud will not be an issue while the cows are in production. This should help increase our cow's production and the quality of their milk."

The *Agricultural Infrastructure Loan Program* (AILP) is designed to help Kentucky agricultural producers with a history of tobacco involvement finance

long term projects that will improve their financial viability. Applicants must receive at least 20% of their gross income from farming, and provide documentation of a recent history in tobacco in-

volvement. The KAFC portion of the AILP loan can not exceed \$100,000 or 50% of the project.

The KAFC has set an initial interest rate of 2% for AILP loans originating from a participating lender, and this rate can be fixed for up to 10 years. The lender will be allowed to charge the borrower up to an additional .75%



The Kinslow Dairy Farm in Smiths Grove KY

[Photo: Tim Hughes]

interest on KAFC's portion of the loan for origination and servicing. Additional financing will be at the lender's

normal rate. Loans will be approved at the discretion of the KAFC Board of Directors.

Mr. Kinslow explained, "AILP is a very simple program. It has helped me lower my inter-

est. The paper work is minimal, and all around it is a great program!"

By the end of January Mr. Kinslow hopes to have the barn completed and the cows under roof, safe from the harsh weather Kentucky can have over the winter months. In the future Mr. Kinslow plans on adding two or more employees for feeding and milking on his farm and increasing his herd size from 125 to 300 cows.

Program guidelines are available on-line at [kafc.ky.gov](http://kafc.ky.gov).

For more information regarding capital access programs offered by the Kentucky Agricultural Finance Corporation, the KAFC Marketing and Business Development Coordinator, Tim Hughes, at (502) 564.4627.



## Agricultural Development Fund Investments

In the past two months \$589,056 in Agricultural Development Funds have been invested in Kentucky's agricultural diversification effort with the help of Kentucky's General Assembly.

The following are projects, receiving Agricultural Development Funds between October and November 2005, represent 11 of the 2,280 projects that have been approved since the program's inception (2001).

### **City-County Fair Association** Award Date: October 2005

The City-County Fair Association, Ltd was approved for \$27,000 in Cumberland County funds to construct an Agriculture Marketing and Exposition Center.

### **Cumberland Thoroughbred Training Center** Award Date: October 2005

Cumberland Thoroughbred Training Center, LLC was approved \$7,500 in Cumberland County funds for materials, equipment, and building expenses in the construction of an equine training facility.

### **Farm and Garden Market Cooperative Association\*** Award Date: October 2005

Farm and Garden Market Cooperative Association, Inc. was approved for \$6,250 in state funds and \$6,250 in Fayette County funds to conduct a study for a permanent location for the Lexington Farmers' Market in downtown Lexington.

### **Hurstland Farm\*\*** Award Date: October 2005

Hurstland Farm Inc was approved for \$50,000 in state funds as a forgivable loan for converting a former tobacco barn into a 14-stall thoroughbred barn. The barn will house a museum, as well as a gift shop where Kentucky products will be sold.

### **John's Custom Meats** Award Date: October 2005

John's Custom Meats was approved for \$244,500 in state funds, as a forgivable loan, and \$5,000 in Warren County and \$500 in Edmonson County funds, as a grant, to upgrade a 1,500 square foot custom operation to a new 4,000 square foot USDA inspected slaughter /processing facility with retail operations in Warren County.

### **Johnson County Agricultural Advancement Council** Award Date: October 2005

Johnson County Agricultural Advancement Council was approved for \$12,000 in Johnson County funds for a heifer replacement program.

### **Kentucky Community and Technical College System** Award Date: November 2005

The Kentucky Community and Technical College System (KCTCS) was approved for \$182,500 in state funds to teach farmers how to effectively use computer technology.

### **McLean County Fiscal Court** Award Date: October 2005

The McLean County Fiscal Court was approved for \$15,000 in McLean County funds to construct multi functional post frame open sided structure adjacent to the existing McLean County 4-H Activities Center located at Myer Creek Park in McLean County.

### **Monroe County 4-H Council** Award Date: October 2005

Monroe County 4-H Council, Incorporated was approved for \$2,556 in Monroe County Agricultural Development funds to purchase corral panels, audio system, judging support materials and educational materials for the purpose of providing youth and adult livestock sales, shows and educational programs.

### **Southern Kentucky Regional Farmers' Market** Award Date: October 2005

Southern Kentucky Regional Farmers' Market, Inc was approved for \$5,000 in Warren County funds as a part of a marketing budget for 2006 to operate the "producer only" market outlet in Bowling Green.

### **Whitley County Small Farms Project** Award Date: October 2005

Whitley County Small Farms Project, Inc. was approved for \$25,000 in Whitley County funds for a heifer chain project.

\* Farmers' Market Competitive Award

\*\* Agri-tourism Competitive Award

## What's New at GOAP?

**W**hat's New at GOAP? is a new recurring column in *Commonwealth Grows* to provide updates on staff changes and other points of interest about the staff of the Governor's Office of Agricultural Policy.

### **New Staff Welcome**

Welcome to our new Executive Assistant, Christi Marksbury. Christi graduated in 1999 from the University of Kentucky with a bachelor's degree in Agricultural Education and in 2001 completed her master's degree in agriculture. She is a director of the Spencer County Farm Bu-

reau and is in the Kentucky Farm Bureau LEAD Program. Christi grew up in Spencer County and currently resides in Nelson County.

Also, welcome to new administrative assistant Jessica M. Woolums. Jessica is a 2003 graduate of Lexington Christian Academy and currently attends Campbellsville University at their Louisville Campus. Jessica is pursuing a B.S. in Organizational Management and will be working towards her MBA after receiving her degree.

We are happy to have Jessica and Christi onboard.

### **Staff Changes**

Angela Blank, previous Executive Assistant/ADB Secretary, has been named the new Communications Officer. Angela attended the UK College of Agriculture for three years, studying plant & soil science, and graduated December 2003 with a BA in Communications from the University of Louisville. Angela resides in Shelby County with her husband Josh.

At the end of January, Maggie May, Project Analyst, will be taking a position with Central Bank in Lexington. We wish Maggie the best of luck in her new job.

### **2006 Annual Meeting**

**T**he 2006 Kentucky Agricultural Development Fund Annual Meeting will be held Friday, February 10 at the Marriott Louisville East just off Hurstbourne Parkway in Louisville.

The KADF Annual Meeting is designed to foster a greater awareness of the agricultural development process and the policies and programs of the Kentucky Agricultural Development Fund. Event highlights include the Kentucky Opportunity Marketplace exhibit area, Kentucky product samples, policy & program updates, and an Awards Luncheon.

We encourage County Coun-

cil members, County Extension Agents, Program Administrators, and others interested in the future of the Kentucky Agricultural Development Fund to attend the annual meeting. Sessions will focus on program administration, project development, and entrepreneurship.

To recognize those who have been important to the agricultural development process, there will be an awards luncheon, during the Annual Meeting.

The pre-registration deadline is 4:30 p.m. Friday, January 27. The cost of registration is \$25 per person for those registering on or before January 27. After January 27 registration is \$35 per person.

A copy of the registration form has been provided in this newsletter. Those needing overnight accommodations should contact the Marriott Louisville East at (502) 499-6220 and ask for Dee Asher to receive the special room rate of \$81.00 (+ tax).

More information is available at <http://agpolicy.ky.gov/> or by calling (502) 564-4627.





# Registration Form

## Annual Meeting 2006

Friday, February 10, 2006  
Marriott Louisville East

**Please mark one:**

- ☐ County Council Member   ☐ Extension Agent   ☐ Program Administrator  
☐ General Participant

**Please fill out the following information:**

*(For event use only, this information will not be distributed to others. )*

(Circle one) Mr. / Mrs. / Ms. / Miss / Dr.

**Name:** \_\_\_\_\_ **Organization:** \_\_\_\_\_  
*(If applicable)*

**Street Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip Code:** \_\_\_\_\_ **County:** \_\_\_\_\_

**Phone:** (\_\_\_\_) \_\_\_\_\_ **Fax:** (\_\_\_\_) \_\_\_\_\_ **Email:** \_\_\_\_\_@\_\_\_\_\_

**Web Address:** \_\_\_\_\_

*(If applicable)*

**Registration Fee:**

Early Registration - \$ 25.00 (all non-exhibitors)		<b>Mail Registration &amp; Payment to:</b>  <b>Sandy Gardner, Event Coordinator</b>  Governor's Office of Agricultural Policy 404 Ann Street Frankfort, Kentucky 40601
Late Registration - \$ 35.00 (after January 27, 2006)		
<b>Total Due:</b>		<b>Inter-account</b> information may be faxed to: 564-8990.

**Method of Payment:**

Please make checks payable to "Kentucky State Treasurer."

- ☐ Check  
☐ Money Order  
☐ Inter-account (State agencies only):

**Registration Due Friday, January 27, 2006**

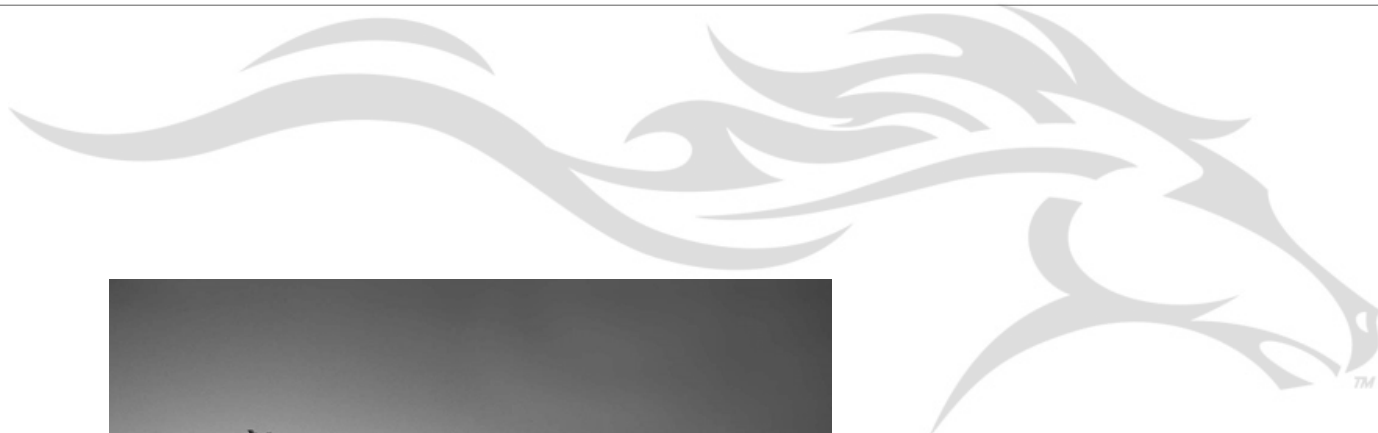
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**(See Reverse for the 2006 Annual Meeting *Registration Form*)**



## 2006 Annual Meeting **AGENDA**

<b>Time</b>	<b>Description</b>
8:00 - 9:30 a.m.	<b>Registration / Exhibits Open</b>
9:00 - 10:15 a.m.	<b>Opening Session</b> Opening Remarks - Governor Fletcher (invited) State of Kentucky Agriculture Overview Model Program Change Overview
10:30 - 11:15 a.m.	<b>Breakout 1</b> <u>Session A:</u> Proactive County Councils <u>Session B:</u> Financial Resources <u>Session C:</u> Agri-tourism Panel <u>Session D:</u> "Policies, Procedures, & Legal"
11:30 a.m. - 12:15 p.m.	<b>Breakout 2</b> <u>Session A:</u> "What it takes to sell at retail vs. direct-to-consumer" <u>Session B:</u> "Types of Farmers' Markets: Options for Your Community" <u>Session C:</u> "Evolution of the Genetics Program" <u>Session D:</u> "Communications at the County Level"
12:30 - 1:45 p.m.	<b>Awards Luncheon</b> Guest Speaker - Jay Poole
2:00 - 2:45 p.m.	<b>Breakout 3</b> <u>Session A:</u> "State of Kentucky Agriculture" <u>Session B:</u> "Taking it to the next level: farming to value-added agri-business" <u>Session C:</u> "Encouraging Entrepreneurship in Your Community" <u>Session D:</u> "Reporting (Model & Non-model)"
3:00 p.m.	<b>Closing Session</b> Guiding Principles Q & A with Agricultural Development Board



**Making a difference,  
one producer at a time.**

**\$155 million**  
in Agricultural Development Funds  
have already made an impact on  
**Kentucky producers.**



50% of Kentucky's Tobacco Settlement Fund is being invested into agriculture for diversification and market development. The Kentucky Ag producer is better able to meet the challenges facing the future of farming.  
To learn more, visit [kybeef.com](http://kybeef.com), [westkentuckygrowers.com](http://westkentuckygrowers.com) and [otherwhitemeat.com](http://otherwhitemeat.com)

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**Ernie Fletcher**, Governor

**Keith L. Rogers**, Executive Director

**Angela Blank**, Publishing Editor

**Sandra P. Gardner**, Editor / Layout

Phone: 502-564-4627

Fax: 502-564-8990

Email: [govkyagpolicy@ky.gov](mailto:govkyagpolicy@ky.gov)

The **Governor's Office of Agricultural Policy** (GOAP) provides a direct link between the Governor and one of the Commonwealth's most important industries. GOAP administers the Kentucky Agricultural Development Board (Phase I), the Kentucky Tobacco Settlement Trust Corporation (Phase II), and the Kentucky Agricultural Finance Corporation (KAFC), as well as other Boards and Commissions.

**VISIT US ON-LINE AT**

**[HTTP://AGPOLICY.KY.GOV](http://agpolicy.ky.gov)**

**Governor's Office of Agricultural Policy**

404 Ann Street  
Frankfort, KY 40601

